

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHAM #2782/01 2790518  
ZNR UUUUU ZZH  
R 050518Z OCT 08  
FM AMEMBASSY AMMAN  
TO RUEHC/SECSTATE WASHDC 3612  
INFO RUEHGB/AMEMBASSY BAGHDAD 6078  
RUEHLB/AMEMBASSY BEIRUT 2921  
RUEHEG/AMEMBASSY CAIRO 3799  
RUEHDM/AMEMBASSY DAMASCUS 3983  
RUEHRH/AMEMBASSY RIYADH 2029  
RUEHTV/AMEMBASSY TEL AVIV 1349  
RUEHJI/AMCONSUL JEDDAH 0834  
RUEHJM/AMCONSUL JERUSALEM 5185  
RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS AMMAN 002782

SENSITIVE  
SIPDIS

STATE FOR NEA/ELA

E.O. 12958: N/A

TAGS: [ECPS](#) [EINT](#) [EINV](#) [TINT](#) [JO](#)

SUBJECT: BROADBAND COMPETITION STILL SLUGGISH BUT FUTURE CAPACITY  
GROWTH COULD ACCELERATE INDUSTRY

REFS: A) AMMAN 2490, B) 07 AMMAN 4717

11. (SBU) Summary: An estimated 21% of Jordanians use the internet but only 3% of the population subscribes to an internet service. Jordan is currently served by 20 internet service providers (ISPs) which resell service from Jordan Telecom Group/Orange (JTG). Jordan's broadband service remains expensive and slow in spite of the recent launch of two WIMAX competitors. Prices are expected to fall significantly when a second submarine cable becomes operational in 2009 which will triple capacity and end JTG's monopoly over international access. Internet service from the National Electrical Company (NEPCO) could further increase competition. End Summary.

21% of Jordanians Use the Internet but Just 3% Subscribe  
-----

12. (SBU) The Department of Statistics reports that Jordan has 1.2 million Internet users in a country with a population of 5.7 million for a 21% penetration rate. The number of internet subscribers is far lower and estimated at approximately 170,000 (3%). The study further estimates that 33% of homes have computers but only 16% of them are connected to the Internet. Ministry of Information and Communications Technology Acting Secretary General Afram Jamil told EconOff that internet penetration is low in Jordan for four reasons that he thinks will not change quickly: cost of internet service; low computer ownership rates; insufficient Jordanian content in either Arabic or English; and least important, some social and ethical concerns about the Internet and its content.

Former Telecommunications Monopoly Still Dominates Internet  
-----

13. (SBU) Al-Ansari Al-Mashagbah, Director of the Regulatory Department of the Telecommunication Regulatory Commission (TRC), explained that while internet service in Jordan has been liberalized with 20 service providers, the data lines themselves remain the property of Jordan Telecom Group/Orange (JTG). As a result, all ADSL and dial-up ISPs in Jordan rely upon Orange's local fixed-line loop infrastructure for interconnection. This reliance on Orange's infrastructure has long been blamed for the high price of Internet access and the slow adoption of broadband services within Jordan (ref B). JTG is required to provide access to licensed ISPs and TRC has the responsibility to resolve disputes between JTG and the ISPs.

14. (U) A September report by Arab Advisors Group estimated that JTG has a 50% market share in internet service and earned \$12 million

from internet revenues in the first half of 2008. This is a 30% increase from the same period in 2007 but is still tiny compared to revenues from mobile and fixed line services which are both ten times greater (ref A). Ibrahim Akinci, Marketing Director of Zain, said that his company and others share the rest of the market with similar internet products since they all re-sell the same JTG services.

#### Quality of Broadband Limited by Capacity

-----

15. (SBU) Raed Bilbessi, CEO of Int@j, Jordan's information technology industry association, said that although the government has named 2008 "the year of broadband" that broadband service in Jordan remains slow and expensive. He said Jordan has significant network capacity challenges and that JTG will not lower its broadband prices because it does not have the bandwidth to serve additional customers. Ghiath Sukhtian, executive Vice Chairman of VTEL, agreed and said Jordan's current capacity will be further challenged by an increase in Blackberries and other internet-enabled devices and especially from increased online video downloads.

#### WIMAX Has a Wi-Minimal Impact

-----

16. (SBU) TRC officials had hoped that the launch of WIMAX, an Internet technology that uses fixed, local radio cells to provide high-speed wireless Internet access, would increase competition and significantly lower prices but this has not yet happened (ref B). Mamoun Balqar, Vice-Chairman of TRC, said that the first WIMAX launch by Umniah had serious technical problems which hurt the technology's reputation and limited sales. He said that while ATCO,

the second WIMAX service provider, had a smoother technical launch, the overall reputation of WIMAX continues to suffer and hurt sales. Akinci said that WIMAX in Jordan has struggled because of poor indoor signal quality but added that if the service quality improves, JTG will be forced to improve its service or lower prices. Al-Mashagbah said that three additional WIMAX providers have received licenses and are expected to begin offering service soon.

#### New Capacity from Submarine Cable

-----

17. (SBU) VTEL is currently planning to build an optical fiber network in Jordan with a capacity of 64 STM-1s which will more than triple Jordan's current network capacity. This new network will have international gateway access by connecting to the recently commissioned Falcon cable system and via connections with Iraq, Syria, and Israel. Sukhtian predicted that most telecommunications companies in Jordan would buy VTEL capacity for either primary services or back-up redundancy. Sukhtian predicted that this second submarine cable will be operational in September 2009.

18. (SBU) Bilbessi was optimistic about the opening of a second international gateway as a means of lowering broadband prices since it would break part of JTG's monopoly. He expressed some concern that lowered prices will lead to increased use and that without an investment in telecommunications infrastructure that speed and quality will plummet further. Jamil said that the negotiations for this cable were extensive and difficult because Jordan's small market size makes it difficult to justify a large investment in telecommunications infrastructure. Sukhtian predicted that broadband prices could fall 80% once all of the new capacity is operational and opined that "JTG is making a bundle today."

#### Hey, You Guys! Internet from the Electric Company

-----

19. (U) Another form of competition may also come from the National Electricity Company (NEPCO) which is working to develop a "dark fiber" offering. This would provide internet service through the existing national electricity network. An agreement was signed this summer between NEPCO and Hadatha Investment Company. Broadband over power lines (BPL) is a technology being tested worldwide to extend broadband service to remote geographical areas with existing electrical service where the cost of laying fiber or cable is not

financially viable. Existing power grids are modified with the addition of broadband equipment. Internet data is then transmitted via radio frequency energy on the same line as the electrical current but because they vibrate at different frequencies the two do not interfere with one another. Comment: At this time, it is not known whether this service, which is designed to provide NEPCO with an additional revenue stream, will strain Jordan's already over-burdened electric grid. End Comment.

Visit Amman's Classified Website at  
<http://www.state.sgov.gov/p/nea/amman>

BEECROFT